

VDH Drinking Water Funding Program Guidance Package #5

FORCE ACCOUNT WORK USE OF EQUIPMENT AND PERSONNEL/PURCHASE OF MATERIALS

The Virginia Department of Health (VDH) encourages the use of competitive procurement methods in all phases of projects. In some cases, the Recipient may wish to pursue the accomplishment of portions of the project through the use of their own equipment and personnel. Costs associated with personnel and equipment usage and purchase of materials are eligible if the Recipient complies with the following guidelines.

Prior Approval

The Recipient **MUST** submit a request in writing to the appropriate VDH Project Engineer and receive VDH approval in writing from the Division Director for any material purchases, personnel requirements, and equipment usage **PRIOR** to the purchase and/or performance of the work. When requesting prior approval, the following information must be submitted to the VDH Project Engineer:

1. Specific information clearly describing the nature and scope of the proposed work.
2. Discussion of the reason for using force account in lieu of competitive bidding, including information comparing force account costs versus costs reasonably expected for the same work under competitive procurement methods. Include a detailed budget for the proposed force account work. Documentation of any emergency circumstances dictating use of force account.
3. Documentation verifying that existing employees and/or equipment are of sufficient number and qualification to perform the proposed work and to perform this work in a timely fashion (i.e. details of similar work previously performed, special skills of employees, etc.) and/or documentation of need for additional equipment/personnel. Include a project construction schedule for the proposed work.
4. A list of all materials to be purchased.
5. A list of all equipment to be used and rates to be charged. The rates must not be higher than rates established by the Virginia Department of Transportation.
6. In the absence of any type of performance bond, the recipient must identify the measures to assure quality performance and acceptability.
7. Documentation of adequate insurance including fire and extended coverage, workmen's compensation, public liability and property damage, and "all risk" in accordance with local and/or State Law.

Materials Purchased

All materials must be procured in accordance with the Virginia Public Procurement Act. Adequate documentation to establish compliance with procurement regulations, and MBE/WBE good faith efforts where applicable, will be required prior to reimbursement. See PG #4 for additional procurement and MBE/WBE utilization guidelines. In certain instances, VDH may require submission and approval of specifications relative to material purchases. Necessity for submission of specifications will be decided on a case-by-case basis.

Uses of Equipment

Equipment owned by the Recipient and used on projects can be reimbursed on the basis of the actual hours used times the accepted hourly rate. The hourly rate cannot exceed the rates established by the Virginia Department of Transportation. No equipment can be purchased with VDH funds. Equipment used herein is defined as any non-expendable personnel property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

Rental/leased equipment should only be used when equipment owned by the recipient is not available. Proper procurement procedures, as discussed in PG #4, must be followed when equipment is rented/leased.

Verified time records for equipment usage and material invoices with substantiating documentation must be submitted with the Recipient's reimbursement request.

Compensation for Personnel Services

The Recipient must provide the following documentation:

1. Salary scales and job classifications for all individuals performing work under force account procedures;
2. Any indirect cost rate utilized and its method of allocation;
 - a) Indirect Cost Rates require separate approval.
3. Procedures for timekeeping and timechecking;

Compensation for personal services includes all remuneration, paid currently or accrued, for services rendered during the period of performance, including but not necessarily limited to wages, salaries, and supplementary compensation and fringe benefits. The costs of such compensation are allowable to the extent that total compensation for individual employees:

1. Is reasonable for services rendered;

2. Follows an appointment made in accordance with State or local government laws and rules and which meets merit system or other requirements, where applicable; and
3. Is determined and supported as provided by approved time sheets. Compensation for employees engaged in State assisted activities will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the local government. In cases where the kinds of employees required are not found in the other activities of the local government, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the employing government competes for the kind of employees involved. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.

Amounts charged for personal services will be based on payrolls documented and approved in accordance with generally accepted practice of the local agency. Payrolls **MUST** be supported by time and attendance records for individual employees. Salaries and wages of employees chargeable to more than one funding source or other cost objective will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort.

Costs identified under this item are allowable to the extent that total compensation for employees is reasonable as defined above.

1. Employee benefits in the form of regular compensation paid to employees during periods of authorized absence from the job, such as for annual leave, sick leave, court leave, military leave, and the like, if they are: (a) provided pursuant to an approved leave system, and (b) the cost thereof is equitably allocated to all related activities, including the grant.
2. Employee benefits in the form of employers' contribution or expenses for social security, employees' life and health insurance plans, unemployment insurance coverage, workmen's compensation insurance, pension plans, severance pay, and the like, provided such benefits are granted under approved plans and are distributed equitably to grant programs and to other activities.

An overtime premium is allowable at an average wage rate for the pay period. This can be calculated as shown below:

$$\frac{\text{\# of hours worked on VDH Project} \times 100\%}{\text{Total hours worked}} = \begin{array}{l} \text{\% to be charged} \\ \text{to VDH} \end{array}$$

This percentage can then be multiplied by both gross pay and fringe benefits to determine the amount eligible to be charged to VDH.

Force account labor charges must be documented on a form showing total hours worked each week including the amount charged to the VDH project and the amount charged to other local regular work activities.

Employees working on VDH funded projects are responsible for preparing their own timesheets and the following procedures must be followed:

1. Employee must be provided clear descriptions of the work to be performed and the job number (name) to be charged.
2. Time sheets must be recorded in ink.
3. Timesheets must be filled out as work is performed, but no less often than daily.
4. All hours must be recorded on the timesheet.
5. Timesheets must be signed by the employee and signed by their supervisor after they are filled out.
6. Each employee is to prepare only one timesheet per pay period.
7. The time period covered by the timesheet and the payroll period must be the same.

TIME SHEET FOR VDH FORCE ACCOUNT:

Week of _____ to _____

Locality - _____

Grant Activity - _____

Employee's Name - _____

Job Title/Grade - _____

	Brief Description of Work Performed	Tools, Equipment Used	Hours Used	Rate Per hour	Total Equip. Charges	Amount Charged to Grant	Total Hours Worked	Amount Charged to Grant
MONDAY								
TUESDAY								
WEDNESDAY								
THURSDAY								
FRIDAY								
SATURDAY								
SUNDAY								
Total Tools/Equipment Costs =								
Total Costs for Week: _____			Hourly Rate of Pay x					
TOTAL COSTS CHARGED TO VDH:			Gross Pay =					
			Fringes +					

			Total Salary Costs =					

Prepared by: _____
(Payroll Clerk)

Employee's Signature: _____

Signed: _____

Supervisor's Signature: _____